

True/False. Mark "A" on the answer sheet for true statements; "B" for false statements.

1. Leaders will probably rely less on their technical skills as they rise through an organization.	a. True	b. False			
2. Leaders who demonstrate a “passion” for their organization seldom inspire other organizational members.	a. True	b. False			
3. Written communication is more persuasive and less expensive than oral communication.	a. True	b. False			
4. Effective writing is more than correct spelling, punctuation, and grammar.	a. True	b. False			
5. Effective leaders are sensitive to people’s feelings and needs.	a. True	b. False			
6. “The invisible hand” philosophy occurs when the government makes adjustments dealing with supply and demand that help maintain a healthy economy.	a. True	b. False			
7. One of the major advantages of a corporation is the limited liabilities for the owners.	a. True	b. False			
8. A corporation dissolves when one of the key corporate officers die.	a. True	b. False			
9. Deregulation is returning to a system of letting the marketplace and competition determine price.	a. True	b. False			
10. Zero-base budgeting is a budgeting approach in which every expense must be justified in every budget.	a. True	b. False			
11. Preferred stock represents the most basic form of corporate ownership.	a. True	b. False			
12. A financial manager who has to resort to short-term borrowing did not budget properly.	a. True	b. False			
13. Collateral is not required for most short-term credit card financing.	a. True	b. False			
14. A reduction of the value of a nation’s currency relative to the currencies of other countries is called a currency devaluation.	a. True	b. False			
15. The total flow of money into a country less the total flow of money out of the country over some period of time is called the nation’s balance of trade.	a. True	b. False			
16. The accounting equation is assets equal liabilities plus owners’ equity.	a. True	b. False			
17. According to the accounting equation, cash, land, equipment, and buildings are classified as owners’ equity.	a. True	b. False			
18. The trial balance is prepared directly from the information contained in the general and specialized journals.	a. True	b. False			
19. Both formal and informal organizations can easily be shown on a company’s organizational chart.	a. True	b. False			

20. The statement of financial position is also known as the balance sheet.	a. True	b. False			
21. On a balance sheet, assets are listed in order, from the most liquid to the least liquid.	a. True	b. False			
22. Debts that will be repaid within one year are known as current liabilities.	a. True	b. False			
23. A copyright generally is good for the creator's lifetime plus an additional 50 years.	a. True	b. False			
24. The Sherman Antitrust Act was passed in 1890 to prevent the creation of monopolies.	a. True	b. False			
25. A tax of a foreign product entering a country is called an excise tax.	a. True	b. False			
26. A firm should have no more than one market segment in its marketing strategy.	a. True	b. False			
27. Marketers are most interested in discretionary income because consumers have the most choice in spending it.	a. True	b. False			
28. The most fundamental type of goal in an organization is its mission.	a. True	b. False			
29. The management function of organizing is the process of grouping resources and activities efficiently and effectively to accomplish an end result.	a. True	b. False			
30. Involving subordinates in decision making and in the assignment of tasks is the style of wide-span leadership.	a. True	b. False			
Multiple Choice. Mark the letter of the item that best completes each statement.					
31. In an oligopoly, a	a. few businesses offer similar products.	b. many businesses offer similar products.	c. few businesses offer unique products.	d. many businesses offer unique products.	e. one business offers several products.
32. In monopolistic competition, there are	a. few firms competing with similar products.	b. many firms competing with similar products.	c. many firms competing with products that are different.	d. few firms competing with products that are different.	e. one firms competing with many products.
33. A marketing strategy consists of what two major parts?	a. A marketing plan and a marketing mix	b. A target market and a marketing mix	c. A target market and a marketing plan	d. Marketing strategies and a marketing plan	e. Marketing research and marketing strategies
34. The quantity of a product that must be sold for total revenues to match total costs at a specific price is called the	a. market price.	b. price range.	c. break-even point.	d. pricing tactics.	e. pricing strategies.
35. According to economics, marketing activities affect the price of products by	a. adding costs but no value.	b. often actually lowering the costs.	c. only increasing the price.	d. neither lowering nor increasing the price.	e. adding value but no costs.
36. The Better Business Bureau is an example of	a. consumerism.	b. government regulation.	c. business self-regulation.	d. social action.	e. community policy.

37. When a plant asset is sold for the asset's book value,	a. cash received plus accumulated depreciation equals original cost.	b. cash received plus salvage value equals original cost.	c. cash received plus accumulated depreciation plus salvage value equals original cost.	d. cash received plus salvage value equals original cost.	e. cash received plus loss on disposal equals original cost.
38. The maturing value of a 6-month non-interest bearing note of \$800 discounted at 12% is	a. \$48.	b. \$752.	c. \$800.	d. \$848.	e. \$582.
39. The four P's are	a. Place, Price, Product, Promotion.	b. Product, Personal selling. Price, Promotion.	c. Place, Planning, Price, Promotion.	d. Price, Profit, Product, Place.	e. Plan, Price, Promote, Profit.
40. The most inexpensive financing a new business owner can obtain is usually a	a. Commercial Loan.	b. Traditional Loan.	c. Mortgage Loan.	d. Installment Loan.	e. Personal Loan.
41. Trade Credit allows businesses to obtain working capital and	a. not pay for 30 to 90 days.	b. just trade resources with another company.	c. place products in stores until sold.	d. trade sales to vendors.	e. business loans from a bank.
42. A policy of taxation based on one's ability to pay is called	a. proportional taxation.	b. regressive taxation.	c. progressive taxation.	d. excise tax.	e. income tax.
43. Which figure should a manager want to use in order to determine whether the current assets were too small compared to current liabilities?	a. Return on sales	b. Inventory turnover	c. Current ratio	d. Return on investment	e. Fixed assets to sales
44. The management function that involves deciding what has to be done and determining how objectives are to be met is known as	a. organizing.	b. developing.	c. evaluating.	d. planning.	e. actualizing.
45. The number of employees directly supervised by one person is known as his or her	a. staff.	b. department.	c. span of control.	d. unity of command.	e. group.
46. The balance sheet reveals the basic financial position of a business	a. for a year.	b. for an accounting cycle.	c. on a given date.	d. for a month.	e. for an annual cycle.
47. The act that requires notification to any applicant who is refused credit within 30 days is	a. Truth-in-Lending Act.	b. Equal Credit Opportunity.	c. Fair Credit Billing.	d. Fair Credit Report.	e. Landrum Act.
48. The fundamental economic factor affecting business decisions is	a. supply and demand.	b. government spending.	c. scarce resources.	d. inflation.	e. cost of living.
49. Through careful monitoring of the financial budgets of a firm, managers can detect potential problems in reaching their financial goals and take actions to reverse the problem. This is an example of the management function of	a. planning.	b. controlling.	c. leading.	d. organizing.	e. budgeting.
50. All of the following are considered laws relating to Equal Employment Opportunity EXCEPT the	a. Civil Rights Acts of 1991.	b. Fair Labor Standards Act (1938).	c. Age Discrimination in Employment Act (1967, '78, '86).	d. Americans with Disabilities Act (1990).	e. Worker Adjustment and Retraining Act of 1989.
51. An example of poor communication caused by the receiver is	a. inconsistency.	b. poor listening.	c. credibility.	d. reluctance.	e. nonverbal body signals.

52. An internal audit assesses	a. what a company has done for its customers.	b. what a company has done for its competitors.	c. what a company has done for itself.	d. all of the above.	e. both a and c.
53. Which of the following are the basic elements of a balance sheet?	a. Income, expenses, profit/loss	b. Operations, sales, growth	c. Assets, liabilities, owner's equity	d. Reading, writing, and arithmetic	e. Dividends, interest, capital
54. According to the unity of command principle,	a. managers should have a narrow span of control.	b. each employee should report to only one manager.	c. staff positions should outnumber line positions.	d. the bureaucracy is the ideal organizational structure.	e. every organization should have an organization chart.
55. Which of the key management functions involves monitoring the progress of the organization toward goal attainment and implementing necessary changes?	a. Planning	b. Organizing	c. Leading	d. Controlling	e. Budgeting
56. According to the Age Discrimination Act passed in 1967 and amended in 1978 and 1986, discrimination is prohibited against people aged	a. 60 and over.	b. 55-70.	c. 55 and over.	d. 40-65.	e. 40 and over.
57. Adverse Impact refers to the negative effect	a. of disciplining a troublesome employee.	b. of firing an employee without cause.	c. of an employment practice upon a protected group.	d. on workers forced to work with chemical abusers.	e. of being forced to hire based on quota.
58. The Americans with Disabilities Act, passed in 1990, prohibits	a. lesser pay for individuals with disabilities.	b. hiring people with contagious diseases like AIDS.	c. employing people addicted to drugs or alcohol.	d. employment discrimination against people with disabilities.	e. harmful products within the workplace.
59. An itemized financial statement of the income and the expenses of a company's operations is called	a. an income and expense statement.	b. a balance sheet.	c. financial statement.	d. a financial ratio.	e. none of the above.
60. The Fair Labor Standards Act of 1938 is monitored and enforced by the	a. Department of the Interior.	b. Department of Labor.	c. Equal Employment Opportunity Commission.	d. Office of Federal Contract Compliance.	e. National Labor Relations Board.
61. Collective Bargaining establishes	a. wages, hours and working conditions.	b. a grievance procedure.	c. order of layoffs.	d. all of the above.	e. both A and B.
62. Perhaps the greatest benefit of activity-based costing is the	a. simplicity.	b. acknowledgment of employee effort.	c. ability to highlight and monitor costly activities.	d. acceptance by stockholders and other sources of financing.	e. ability to integrate information more rapidly.
63. Leverage ratios	a. show the relative amount of funds in the business supplied by creditors and shareholders.	b. may indicate a company's ability to meet its long-term financial obligations.	c. indicate management's ability to generate a financial return on sales of investment.	d. both a and b.	e. both a and c.
64. Which of the following are the basic elements of a profit and loss statement?	a. Income, expense, profit/loss	b. Operations, sales, growth	c. Assets, liabilities, owner's equity	d. Income, deductions, taxes	e. Wins, losses, ties

65. Activities like buying and selling fall under the marketing function of	a. exchange.	b. physical distribution.	c. facilitating.	d. risk-bearing.	e. storage.
66. The first step in the marketing process is	a. analyzing the needs.	b. identifying a potential target market.	c. researching the potential of the market.	d. creating a product or service.	e. evaluating alternatives.
67. A promotional strategy aimed at the consumer in the hope that the consumer will demand the products available in the distribution channel is called a	a. pull strategy.	b. push strategy.	c. integrative strategy.	d. regressive strategy.	e. distribution strategy.
68. Which of the following is an example of pure risk?	a. Investing in the stock market or real estate.	b. Spending several years of your life, labor, and money to earn a college degree.	c. Court-awarded damages to customers injured while shopping at your store.	d. Risking your personal wealth in a gambling casino.	e. Suing a neighbor for his son's reckless driving.
69. Which month of the year is designated as National FBLA/PBL week?	a. September	b. February	c. April	d. July	e. August
70. The most common form of business ownership in the United States today is	a. corporation.	b. general partnership.	c. sole proprietorship.	d. limited partnership. e. government sponsored.	
71. A major advantage of a sole proprietorship is the	a. life of the business.	b. limited risk involved.	c. ability to attract employees.	d. retention of all profits.	e. creative tax laws.
72. Which of the following generally is included in the charter of a corporation?	a. Purpose for which the corporation is formed	b. Dates and times of stockholders' meetings	c. Length of life	d. All of the above	e. Both A and B
73. Patents, trademarks, and copyrights fall under	a. real property.	b. personal property.	c. intangible property.	d. intellectual property.	e. perpetual property.
74. The process of comparing an organization's practices and technologies with those of other excellent companies is referred to as	a. competitive analysis.	b. corporate espionage.	c. competitive monitoring.	d. benchmarking.	e. scanning.
75. A ban on any importing or exporting goods is called a	a. tax.	b. quota.	c. embargo.	d. immigration closure.	e. tariff.
76. When other parties are excluded from making, using, or selling an invention for a period of time, this is called a	a. a trademark.	b. patent.	c. copyright.	d. negotiable instrument.	e. licensing contract.
77. Which group of adopters of a new technology is most critical to the technology's success?	a. Late majority	b. Innovators	c. Early majority	d. Early adopters	e. Laggards
78. The establishment of cross-functional product teams	a. reinforces functional boundaries.	b. facilitates innovation.	c. facilitates vertical communication.	d. establishes spans of control.	e. discourages new technology development.
79. A market segment toward which a company directs its marketing effort is called a	a. marketing group.	b. marketing sample.	c. target market.	d. consumer market.	e. marketing median.
80. In a valid contract agreement, the value or benefit one party furnishes to the other party is called	a. trust.	b. a bill of exchange.	c. consideration.	d. illegal tender.	e. a draft.
81. Land or anything permanently attached to it is called	a. property rights.	b. capital.	c. real resources.	d. real property.	e. deeded rights.

82. The exclusive right to make, use, or sell a newly invented product or process is called	a. tangible rights.	b. a copyright.	c. a patent.	d. intangible rights.	e. monopoly rights.
83. A business relationship in which one party appoints a second party to act on behalf of the principle is called a/an	a. executor.	b. trustee.	c. agency.	d. power of attorney.	e. administrator.
84. Each of the following causes a cash flow problem EXCEPT	a. a large proportion of credit sales.	b. embezzlement of company funds.	c. unexpected slow selling seasons.	d. slow-paying customers.	e. customers who pay early.
85. Money received from the sale of shares of ownership in a business is called	a. sales revenue.	b. debt capital.	c. equity capital.	d. factor proceeds.	e. cash flow.
86. A written pledge by a borrower to pay a certain sum of money to a creditor at a specified future date is called	a. a promissory note.	b. collateral.	c. a factor account.	d. a charge account.	e. a long-term agreement.
87. If the assets of a business are \$107,000 and the owners' equity is \$75,000, which of the following is a correct statement?	a. The owners' investment equals \$182,000.	b. The current assets are worth \$32,000.	c. The new income for the period is \$32,000.	d. The long-term liabilities are \$75,000.	e. The liabilities are \$32,000.
88. The specific types of information that managers need depend on their area of management and on their	a. level within the firm.	b. understanding of data.	c. background in computer science.	d. willingness to learn COBOL.	e. use of the information.
89. The economic system in which much ownership is private, but government controls the operation and direction of basic industries is	a. mixed capitalism.	b. communism.	c. socialism.	d. pure capitalism.	e. modified capitalism.
90. The leadership style advocating that a leader allow his or her subordinates to work as they think best is called	a. Authoritarian.	b. Existential.	c. Democratic.	d. Laissez-faire.	e. Participative.
91. According to parliamentary procedure, main motions are to	a. alter existing rules and order of business.	b. make a special order.	c. reconsider, to rescind, and to take from the table.	d. permit additional action.	
92. When a member raises question of privilege, the purpose is to	a. secure a countable vote.	b. make a request concerning rights of a member.	c. provide for special study.	d. introduce business.	
93. All main motions are debatable EXCEPT to	a. nullify or wipe out previous action.	b. reconsider previous motion.	c. postpone indefinitely.	d. consider a tabled motion.	
94. Demand is inelastic when	a. the number of consumers who are willing to buy increases.	b. a large change in price causes an equal change in demand.	c. price changes have little effect on demand.	d. a small change in price causes a large change in demand.	
95. Four stages of a product's life cycle are introduction, growth, maturity and decline. Which stage would a product be in if the market was saturated?	a. Introduction	b. Growth	c. Maturity	d. Decline	
96. How many times is the <i>Tomorrow's Business Leader</i> published?	a. Every other month	b. Three	c. Five	d. Four	
97. Who serves as the policy making body of the national organization?	a. National Executive Council	b. Board of Directors	c. National Office Staff	d. National Officer Team	
98. Which state received the first FBLA-PBL state chapter charter?	a. Kansas	b. District of Columbia	c. Idaho	d. Iowa	
99. According to the National Handbook, how often is a state chapter required to meet?	a. At least once a year	b. At least twice a year	c. More than once a year	d. More than twice a year	

100. Complete exactly the following FBLA-PBL goal statement: "Facilitate the transition from _____."	a. high school to work	b. college to work	c. school to work	d. here to the future	
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